

(Translation)

February 23, 2018

Dear Sirs and Madams

Name of the Company:	NH Foods Ltd.
Representative:	Yoshihide Hata President and Representative Director (Code No. 2282, First Section of the Tokyo Stock Exchange)
Person to contact:	Masahito Kataoka Executive Officer, General Manager of Public & Investor Relations Department, Corporate Management Division

**Notice of Capital and Business Alliance with XYZ Co.,Ltd.**

It is hereby notified that NH Foods Ltd. (the "Company"), today, on February 23, 2018, decided to enter into a capital and business alliance agreement with XYZ Co.,Ltd. (Code No. 1381, JASDAQ, Tokyo Stock Exchange, Takamasa Ijichi, President and Representative Director; the "XYZ ") to form a capital and business alliance (the "Alliance"), as described below:

Description

1. Reasons for and aims of the Alliance:

The NH Foods Group (the "Group") aims to become the world leader in delivering the "Joy of Eating" by carrying out its business, to realize its Group Brand Statement, "The Brilliance of People for the Future of Food". In its current "New Medium-Term Management Plan Part 5" (from April 1, 2015 through March 31, 2018), the Group, under the theme of "Creating a stable business model through reform", is striving to strengthen product development capability and business proposal capability, in addition to reinforcing supply capability and raw materials procurement capability, in the Fresh Meats Business Division.

To be specific, the Group has exerted group-wide efforts on marketing, branding and human resource development to promote business model innovation and corporate culture reformation. The linchpins of these efforts will be the establishment of the competitive advantage of the domestic business, based on the Group's "integration system", one of its strengths, having as its core, and expansion of overseas business in order for us to increase global market sales.

On the other hand, XYZ performs all processes, including from rearing/processing to feed production, within its own company, in order to provide good quality, delicious and safe chicken meat and processed chicken meat at low price.

XYZ has established "complete integration (integrated production)" for chicken meat production which contributes to a tracking and tracing system throughout all production processes for all the products produced on a daily basis. This has enabled XYZ to maintain the products safety at a high level. In addition, XYZ has high technical capability indispensable for chicken production, such as development of production equipment that controls the breeding environment close to the nature by capturing numerical values of environmental conditions during the breeding of chicken, and developing and producing safe and optimal feed, which has enabled XYZ to provide healthy and safe products trustworthy for its customer.

Since the Company and XYZ have been in close trade relationship for many years, having stable supply of chicken meat as its core, the both companies have continued discussion in sincerity to

establish and deepen more cooperative framework, and the both companies have reached to the understanding that their cooperative framework would become more solid and permanent by the Company holding shares in AXYZ, and today, the both companies have decided to enter into the capital and business alliance agreement.

Through the Alliance, the Company will strive to stably expand the transaction volume of safe, secure and high quality chicken meat. Meanwhile, AXYZ will, through the strengthened relationship as a material strategic partner sustaining the Company's strategies, expand its distribution channels by leveraging the Group's sales network mainly of increased products.

2. Basic content of the basic agreement toward the Alliance:

(1) Main point of the capital alliance:

The Company is to acquire 500,000 ordinary shares (8.90% shares of the total number of issued shares) in AXYZ. The methods and price for the acquisition will be notified once they are decided.

(2) Main point of the business alliance:

The business alliance of the both companies will aim at stable supply to consumers and expansion of distribution channel of value-added products by way of expanding the supply system of safe and high quality domestic chicken meat products by AXYZ as well as the Group's sales network. The both companies will aim for further development of the domestic chicken meat industry.

(3) Number of the shares of the counterparty to be acquired, etc.:

As described in "(1) Main point of the capital alliance" above, the Company is to acquire 500,000 ordinary shares (8.90% shares of the total number of issued shares) in AXYZ.

Company name	Number of shares held before the Alliance	Number of shares to be acquired through the Alliance	Number of shares to be held after the Alliance
NH Foods, Ltd.	0 share (0.00%)	500,000 shares	500,000 shares (8.90%)
Total	0 share (0.00%)	500,000 shares	500,000 shares (8.90%)

(4) Number of shares of the Company to be acquired by the counterparty and the ratio thereof to the total number of issued shares:

Not applicable.

### 3 Outline of the counterparty to the business alliance:

(1) Trade name	XYZ Co., Ltd		
(2) Location	Head office: 2-1-8 Somuta, Kagoshima-City, Kagoshima Prefecture		
(3) Representative's name and title	Takamasa Ijichi, President and Representative Director		
(4) Main business	Production and sale of chicken meat and its processed foods		
(5) Capital	¥452 million (as of December 31, 2017)		
(6) Establishment	November 13, 1962		
(7) Shareholders and shareholding ratios (as of December 31, 2017)		thousand shares	
	Yasumasa Ijichi	938	(16.69%)
	Terukuni Kosan, Ltd.	600	(10.68%)
	Akimasa Ijichi	531	(9.45%)
	Takamasa Ijichi	502	(8.95%)
	Yoshimasa Ijichi	502	(8.95%)
	The Kagoshima Bank, Ltd.	220	(3.91%)
	The Norinchukin Bank	210	(3.73%)
	Makiko Murao	185	(3.29%)
	Hiromasa Ijichi	185	(3.29%)
Takemasa Ijichi	185	(3.29%)	
(8) Relationships between the Company and XYZ	Capital Relationship	The Company has no capital relationship with XYZ required to be stated. No associated person or company of the Company has any capital relationship with any associated person or company of XYZ required to be specifically stated.	
	Personnel relationship	The Company has no personnel relationship with XYZ required to be stated. No associated person or company of the Company has any personnel relationship with any associated person or company of XYZ required to be specifically stated.	
	Business relationship	XYZ sells animal products to the Company and its group companies.	
	Related party status	XYZ does not fall under the category of related party of the Company. Any associated person or company of XYZ does not fall under the category of related party of the Company.	
(9) Business results and financial positions of XYZ for the most recent three fiscal years on a consolidated basis			
Fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017
Net assets	¥7,747 million	¥8,774 million	¥10,575 million
Total assets	¥10,483 million	¥11,556 million	¥13,777 million
Net assets per share	¥1,379.55	¥1,562.48	¥1,883.05
Net sales	¥17,664 million	¥18,378 million	¥18,802 million
Operating income	¥1,859 million	¥2,340 million	¥2,964 million
Ordinary income	¥1,934 million	¥2,388 million	¥3,058 million
Net income	¥1,091 million	¥1,223 million	¥1,960 million
Net income per share	¥194.29	¥217.80	¥349.02
Dividend per share	¥25.00	¥35.00	¥45.00

### 4. Time schedule:

(1)	Date of the decision	February 23, 2018
(2)	Conclusion of the capital and business alliance agreement	February 23, 2018

### 5. Future outlook:

The effect of the Alliance on the Company's consolidated business results for the fiscal year ending March 31, 2018 is expected to be insignificant. However, the Company believes that it will contribute

to increasing its business results and corporate value on a medium-term and long-term basis.

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(For reference) Forecast of consolidated business results for the current year ending March 31, 2018 (publicized on February 1, 2018) and the consolidated business results for the previous year:

(millions of yen)

	Net sales	Operating income	Income before income taxes and equity in earnings of associated companies	Net income attributable to NH Foods Ltd.
Forecast of consolidated business results for the year ending March 31, 2018	1,270,000	52,000	51,000	37,000
Consolidated business results for the previous year ended March 31, 2017	1,202,293	53,802	49,112	35,004